

(148.02 Acres)

CATAWBA

EXPLORATION AGREEMENT WITH OPTION TO LEASE

THIS EXPLORATION AGREEMENT WITH OPTION TO LEASE ("Agreement") is made effective this First day of September, 1985, by and between Bowater Incorporated, a Delaware corporation, whose address is P.O. Box 7, Catawba, South Carolina 29704 (hereinafter referred to as "Optionor"), successor in interest by mergers and name changes to Catawba Timber Company, and Amselco Exploration Inc., a Delaware corporation, whose address is 90 West Grove Street, Suite 100, Reno, Nevada 89509 (hereinafter referred to as "Amselco").

W I T N E S S E T H

In consideration of the covenants and agreements herein contained, the parties agree as follows:

Article 1 Rights Granted

a. Grant of Exploration Rights. For a period commencing as of the First day of September, 1985, and ending twelve (12) months thereafter (hereinafter referred to as "Primary Term") and in the event Amselco so elects, for two (2) immediately succeeding periods of twelve (12) months (hereinafter referred to in the singular as "Extended Primary Term"), Optionor does hereby grant to Amselco the rights of ingress and egress to and from, in,

HML052485



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Executed in the presence of the
two undersigned witnesses:

James G. McInnis
Joseph J. Tannells

AMSELCO EXPLORATION INC.

By: A. P. Taylor L.S.
General Manager, Exploration
Attest: H. M. Lane
H. M. Lane
Assistant Secretary

STATE OF TENNESSEE

COUNTY OF McMINN

The foregoing instrument was acknowledged before me this 18th
day of July, 1985, by C. H. Hornsby, Jr., President of Bowater
Carolina Company Division of Bowater Incorporated, a Delaware corporation,
on behalf of the corporation.

My commission expires:
March 3, 1986

Mary L. Graham
Notary Public

STATE OF NEVADA

COUNTY OF WASHOE

The foregoing instrument was acknowledged before me this 26th
day of August, 1985, by A. P. Taylor, General Manager, Exploration,
of Amselco Exploration Inc., a Delaware corporation, on behalf of the
corporation.

My commission expires:

July 31, 1988

Janette L. Hamm
Notary Public



JANETTE L. HAMM
Notary Public - State of Nevada
Appointment Recorded in Washoe Co.
MY APPOINTMENT EXPIRES: